

EXECUTIVE SUMMARY
FFY-08
(GHA FY-09)

The multiple priorities, needs, and interests at the National level are great and diverse. The available resources to the Housing Authorities are limited. HUD has decreased funds provided to the Housing Authorities to serve the needy over the years. Rapid changes are taking place with HUD, with the implementation of several new IT systems upgraded to streamline its operations, often with miscommunications between different offices and divisions at the national and local level and frequently with confusing directives. Nevertheless, the Board of Commissioners and staff of GHA remain dedicated to serving the needs of low to moderate-income residents of our community, while working with HUD to continue its good relationship. Accordingly we will seek every avenue available to us to improve the quantity and quality of housing for the residents we serve. We will continue to strengthen our partnerships with other agencies both public and private entities — whether for-profit or non-profit. These partnerships help advance our mission by leveraging resources and promoting innovative program goals and designs in these changing times.

FY' 09 is also a period where there will be National elections where policies could swing significantly. HUD's Public Housing Assistant Secretary, who was instrumental in implementation of Asset Management, resigned in January '08 and a new person assumed responsibilities. Currently HUD is proposing to fund 84% of required operating funds as subsidy. With the implementation of Asset Management, Asset based accounting and management has become significantly complicated. HUD introduced a new Subsidy and Grants Information Systems "**SAGIS**," however it is currently disabled due to technical issues. Eventually, the Housing Choice Voucher Program funding requests will also go under SAGIS. HUD is currently working on a new way of evaluating Housing Authorities with their management grades to replace current PHAS with an asset based system.

During the period this Annual Plan is in effect, we at the Housing Authority expect to see notable achievements in a number of outcome measures and local initiatives. GHA will continue its focus on increasing homeownership opportunities for those who aspire to become homeowners. We will see performance improvements in financial management, information technology (IT), and program operations, by modernizing and securing IT infrastructure; advancing electronic business management; and fully implementing the Strategic Human Capital Management Plan to produce a high-performing and satisfied workforce.

This was the year of Asset Management Implementation, transition at the top management due to the retirement of the Executive Director, **Ms. Sharon Strain**, who honorably served this agency for ten years, a reduction in operating funds due to lower federal dollars and implementation of several unfunded mandates. In spite of all these events, GHA staff under the capable guidance of the Board of Commissioners, made necessary adjustments without skipping a beat and was able to receive a **High Performer Status** in Public Housing Assessment Program - **PHAS**. The SEMAP scores for FY-05 and FY-06 were High Performer, however for FY 07, GHA received “**Standard Rating**” due to software glitches. GHA attempted resolve this issue but unfortunately we were not able to do so. It is anticipated that GHA will maintain High Performer status in PHAS in FY-08 and recover High Performer status in SEMAP.

The Asset Management implementation by HUD is still in its infancy, though once implemented, it will better serve our residents by shrinking central office functions and increasing site based functions these changes will result in an increase in staff responsibility at the site level and a decrease in the need for central office involvement. With a decentralized information flow and speed of information exchange, we will be required to reinforce the technology support and **creation of independent and decentralized Central Office Cost Center**. With a decrease in the federal

funding level (currently estimated at 84% of eligible amount), and a decrease in operating numbers in the Housing Choice Voucher Program, due to increased Housing Assistance Payment expenses and increase in level of customer service, there will be appropriate changes in service delivery systems.

The demolition of obsolete public housing at Palm Terrace Homes and subsequent HUD approved disposition for 7.27 acres of the 9.29-acre land plot occurred in FY-07. Ten elderly public housing duplexes were completed on the 2.02-acre plot of land retained by the Galveston Housing Authority. Twenty-seven homes are currently under construction on the 7.27 acres disposed to **GRACE** Corporation. The construction is to be completed by June 30, 2008 and homes will be sold to low to moderate-income citizens of Galveston. We currently completed construction of six homes and we have identified potential homeowners from a pool of qualified Public Housing residents, Housing Choice Voucher program residents and others. Sales will be financed through Section 8 HCV Homeownership Vouchers, State of Texas reduced interest rate mortgages, First-time homeowner down payment funds from the City of Galveston's CDBG allocation and a forgivable Soft-second mortgage carried by GHA. This \$6,600,000 initiative is funded through partnerships: \$1,350,000 in foundation funds; \$1,716,493 in Housing Replacement Funds; \$923,527 City of Galveston; \$38,836 CDBG and \$1,811,031 from GRACE Corporation. An interim construction loan will be retired from sales proceeds.

The proceeds from sales of the above homes will be used with future Housing Replacement Funds to leverage a tax credit application in the State of Texas 2009 funding cycle. GHA is currently working with the University of Texas Medical Branch (UTMB) for use of the above funds to construct a 100 unit mixed income mixed finance assisted living facility on land located on the UTMB Campus. Medical and nursing staff from UTMB will provide services to residents. This is an important initiative for GHA.

Only **37%** of the housing inventory is dedicated to elderly residents; however, elderly and handicapped residents occupy **64%** of GHA's total housing assets. The addition of elderly units will help rectify this imbalance.

Renovations to GHA's Island Community Center will be completed by June 30, 2008. These include redirection of traffic flow and landscaping on the frontage, repainting and re-carpeting on the inside and updating the learning center. Rentals have been stable over the past nine years. However, the County of Galveston will soon vacate 8,500 square feet and there is a possibility that another tenant may vacate 13,000 square feet. GHA will market these offices to prevent a negative impact on its ability to continue to serve residents through special programs.

In addition to our regular after-school, GED prep, ABC, full-day summer, life skills and basketball programs, GHA has added several new programs including **steel-band** and **Chess** and continue to partner with other agencies to add new programs to serve our residents. Our Resident Services programs will focus on **EDUCATION**, as we have created afterschool **Safe-Havens** at the Magnolia Homes and the Oleander homes with dedicated staff members. We are also creating **Neighborhood Network Center** at Cedar Terrace property and we are into full implementation of a ROSS grant at GHA. We have a dedicated Elderly Services Coordinator serving our elderly at Holland House, Gulf Breeze and other locations. These key programs at all our family properties and continued commitment from GHA to assist our residents should result in improved resident services.

GRACE Corporation has initiated a meeting with the Local Initiatives Support Corporation in regard to development of the frontage of the Island Community Center (approximately 4 acres). The objective is to construct rental space to produce funds to use as leverage for affordable housing production. LISC has indicated that grant dollars may be available to help

with this initiative. Further possibilities for this development will be completed in FY-09.

Having completed the total renovation of **Holland House** (a 156 unit elderly complex, TX-017-09) in 2006, GHA has commenced Phase I of four phases of major renovation work to **Gulf Breeze**, a 199 unit elderly complex (TX-017-07). Phase I was completed in January of 2008. The remaining phases will be completed in sequence with allocation of modernization funds, which has been decreasing over the years.

Significant modernization work is required at GHA's Palm Terrace Annex (TX-017006) and Oleander Homes (TX017001). The work is beyond the scope of that which can be accomplished with available modernization funds. A complete conditions survey is budgeted for these complexes in 2008 and, upon its completion, the decision will be made on how and if required work can be accomplished. Hope VI applications will be submitted if the program is funded in the future.

GHA completed the installation of a new computer software system and all required training for its use during 2007. The software system, Emphasys - Elite, is fully functional as it relates to meeting HUD's reporting requirements. During 2008, we will continue to provide additional staff training and improve its reporting capabilities. We will upgrade our website functions and streamline our communications using the website. We will dedicate one additional staff member to focus on these issues.

Senior GHA staff members have attended Asset Management training courses. Commissioners and staff will receive additional training during the Five-Year Plan Annual Retreat. GHA will be compliant with the asset management financial reporting responsibilities by the required June 30, 2008 deadline, however several intermediate deadlines have been extended by HUD due to technical issues with HUD software. In preparation for the full implementation of the asset management model, the Annual Plan includes a review of salary scales, staffing and

assignments; conditions surveys; maintenance staffing and maintenance facilities usage; and a market assessment of rents.

Recognizing the importance of accountability as it relates to the continuing success of HUD supported housing programs, GHA will utilize HUD's IT Systems including **SAGIS, PIC, VMS, REAC, NASS, PHAS and EIV** to the fullest. We strongly believe that once these systems are integrated, it will make the housing operations very effective. GHA will investigate HUD supplied **Threshold Discrepancy Reports** (100% level) during FY 09 and resolve income discrepancies. GHA will also conduct interviews with all of its "**zero-income**" reporting residents and decrease these cases by 50%. We hope assign a full time staff to maintain Program Integrity.

As with other PHA's across the country, GHA finds that the "block-granting" of Housing Assistance Payments and the continuing assault on administrative fees are having an impact on the ability of GHA to operate effectively for the benefit of residents. Although GHA is authorized 1213 Housing Choice Vouchers, it can fund approximately 1,100 families, leaving 113 families without assistance. Although our overriding concern is for the fewer number of families we can serve, this also affects our larger community and its homeless issues, **SEMAP** scores and GHA's ability to attract and retain capable staff. It is interesting to note that at the same time PHA's are tasked with the very worthy goal of locating residents into non-impacted areas (higher income census tracts) of the community (that nearly always have higher rents) the funds to do so have steadily eroded. It appears that the current trend in Congress of allocating insufficient funds to pay market rents for the number of authorized Housing Choice Vouchers is a formula for the failure of a highly successful housing program and that the resulting downward spiral in the number of families served will continue. In Galveston, where 38% of residents make below \$15,000 a year, this is a serious concern.

The struggle to maintain crime-free properties in Galveston requires constant vigilance. GHA has used operating funds for police services over baseline because the use of Capital Funds for physical improvements is crucial to its ability to maintain its properties. However, the money available for police services from operations is only around 25% of that provided through the former PHDEP grant and it is insufficient to manage the crime level on and around GHA's public housing. Unfortunately, without a comprehensive policing program, problems that were once dealt with reoccur as felons return to their previous neighborhoods from prison. The drug crime causes fear in residents, high turnover and collection loss, property damage, a high volume of trash on the grounds and management turnover.

The Board of Commissioners and staff of GHA remain dedicated to serving the needs of low to moderate-income residents of our community, where the face of poverty is not hidden from sight. Accordingly we will seek every avenue available to us to improve the quantity and quality of housing for the residents we serve.

Respectfully Submitted,

Harish Krishnarao
Executive Director